Eurogroup

PRESS

EN

REMARKS
Luxembourg, 13 October 2014

Remarks by Jeroen Dijsselbloem at the press conference following the Eurogroup meeting of 13 October 2014

Good evening everyone.

We had a fruitful Eurogroup meeting, to which we welcomed two new colleagues, Johan Vanovertveldt who is the new Finance Minister for Belgium and the new Slovenian Finance Minister Dušan Mramor. They introduced themselves and the programme of the new governments to us all, very ambitious programmes.

The most important issues that we discussed on our agenda today were the economic situation for the Eurozone, investments, and developments in a number of Member States. A receding number I might add but still there are a few countries we needed to discuss.

Economic situation

First of all the Economic situation. The focus of our discussion was of course on strengthening of growth, enhancing economies' growth potential and creating more jobs which is as you know our main priority. Our discussion today followed the exchange of views by Heads of State or Government at the Youth Employment Conference in Milan last week and the discussions many of us had only couple of days ago in Washington.

As you heard coming from discussions in Washington, there are serious concerns about the pace of the global recovery, in particular the low growth and subdued inflation environment in the euro area. At the same time we are still expected to do better than last year in terms of economic growth and the recovery to pick up further. There was broad consensus among Ministers that the current situation is, however, not satisfactory and requires strong policy actions from Governments, notably a credible mix of structural reforms, fiscal policy and investments by Member States. Determined action in these areas will, alongside the independent monetary policy of the ECB, safeguard the economic recovery and boost growth and employment.

We reaffirm that the Stability and Growth Pact serves as an anchor of confidence in the EU. There is a clear sense of responsibility that the credibility of the Pact which we regained through hard work over the past years needs to be preserved by us all. The growth-friendly consolidation strategy should continue, including with regards to the composition of the adjustments, while using the flexibility within the existing rules. And this of course applies to all euro area Member States.

Member States are expected to submit draft budgetary plans by 15 October, which is in the couple of days. The Eurogroup will then discuss these, and the broader policy mix, in a dedicated meeting later in November, on the basis of the Commission's assessment of these draft budgetary plans.

Today we also prepared the Eurozone Summit which is going to take place on 24 October, where I will report to our leaders on the Eurogroup's deliberations on the economic situation and the fiscal stance, as well as on its resolve to ensure a proper follow-up of the euro area recommendations. I will in particular refer to the work we have done in the Eurogroup and still plan to do on structural reforms. We need to better design our mechanisms so we can implement an ambitious reform agenda. In the euro summit I will further go into the ideas of what I have called a new growth deal for the euro area, connecting our reform agenda to the pace of budgetary consolidation and to supportive investments.

Boosting investment

The second issue I'd like to report is about boosting investments. After having addressed the high labour tax wedge twice in the Eurogroup, today we discussed the follow-up of another euro area recommendation, which is stimulating investment. And I should stress that this topic has been put highly on the agenda by the Italian presidency. They've been doing very valuable work on this.

Investments and boosting investments is a crucial part of our growth agenda. In the short run, investment will help boost demand and support the economic recovery. In the long run, investment will - through an efficient allocation of resources - raise potential growth thorough the Eurozone.

In today's discussion, we particularly focused on ways to spur private investment and the link with structural reforms. As I have stressed many times before, structural problems in our economies can only be addressed by structural policies, which increase the euro area's growth potential and structural employment. Boosting confidence is crucial to reverse the downward trend of investment. And I think it's imperative that we remove obstacles for the private sector to invest and create a business environment conducive to private investment.

Our discussion was very consensual. We concurred that action is needed at both the national and EU level. We will continue our discussion tomorrow in the Ecofin and later again in the Eurogroup.

Cyprus

Then I'd like to make couple of remarks on two countries, first of all Cyprus. The Troika institutions briefly informed us of the state of play of the fifth review of the macroeconomic adjustment programme for Cyprus. Putting in place an effective legal framework for private debt restructuring remains an important pending issue that prevents the conclusion of the review. Four bills that would affect this legal framework are currently being assessed by the Supreme Court of Cyprus and we await the outcome of this process. Putting these legal provisions in place in line with the MoU is of course essential to make progress with the high level of non-performing loans in Cyprus, including large corporate loans, and to return Cyprus to financial health. Once the Troika institutions confirm that the required prior actions have been successfully completed, we can proceed with the disbursement of the next tranche of financial assistance by the ESM. And we've asked the euro working group to handle the remainder of this process.

Greece

Finally on Greece. We were informed of the state of play of the Greek adjustment programme following the first mission of the fifth review that took place between 29 September and 8 October. We welcomed that Greek authorities have made considerable progress over summer in implementing the agreed policy conditionality. At the same time, we learned that in several areas significant further work is still needed to bring the programme on track and to be able to successfully complete the fifth review. We have urged the Greek authorities to ensure a swift implementation of the necessary reform measures, in line with the MoU and in close consultation with the Troika institutions. Once the findings of this fifth review become clear, the Eurogroup will start to discuss a number of interrelated issues such as the arrangements to be put in place once the current programme expires, which will be at the end of this year.